



DEPARTMENT OF THE NAVY  
OFFICE OF THE COMPTROLLER  
WASHINGTON, DC 20350-1100

IN REPLY REFER TO

NAVCOMPTINST 7200.16  
NAFC-5612  
8 NOV 1989

NAVCOMPT INSTRUCTION 7200.16

From: Comptroller of the Navy

Subj: FINANCIAL ADMINISTRATION OF GAINS AND LOSSES DUE TO  
FOREIGN EXCHANGE RATE FLUCTUATIONS

- Ref: (a) NAVCOMPT ltr NAFC-81, 7600/18 of 19 Oct 78, subj:  
Procedures for Financial Administration of Gains and  
Losses Due to Foreign Exchange Rate Fluctuations  
(NOTAL) (hereby cancelled)
- (b) NAVCOMPT ltr NAFC-6123, 7600/18 of 09 Sep 81, subj:  
Revisions to Foreign Currency Fluctuation, Defense  
(FCF,D) Procedures (NOTAL) (hereby cancelled)
- (c) NAVCOMPT ltr 7600/18, NAFC-616 of 13 Jul 87, subj:  
Procedures for Financial Administration of Foreign  
Currency Fluctuations, Construction, Defense  
(FCF,C,D) (NOTAL) (hereby cancelled)
- (d) NAVCOMPT ltr 7600/18, NAFC-616 of 08 Sep 87, subj:  
Procedures for Financial Administration of Foreign  
Currency Fluctuations, Construction, Defense  
(FCF,C,D) (NOTAL) (hereby cancelled)

- Encl: (1) Foreign Currency Fluctuation, Defense (FCF,D)  
Procedures for the Operation and Maintenance  
Appropriations
- (2) Foreign Currency Fluctuation, Construction, Defense  
(FCF,C,D) Procedures for the Military Construction  
and Family Housing Appropriations

1. Purpose. To prescribe policies and combine guidance provided by references (a) through (d) for the financial administration of losses and gains due to foreign exchange rate fluctuations and to issue procedures to be followed in accounting and reporting for Foreign Currency Fluctuation, Defense (FCF,D) and Foreign Currency Fluctuation, Construction, Defense (FCF,C,D) accounts.

2. Cancellation. References (a) through (d).



0511LD0547640



3. Scope. The provisions of this instruction apply to the following appropriations:

- a. Operation and Maintenance, Navy (O&M,N)
- b. Operation and Maintenance, Marine Corps (O&M,MC)
- c. Military Construction, Navy (MCON)
- d. Family Housing, Navy and Marine Corps (Construction)
- e. Family Housing, Navy and Marine Corps (Operation and Maintenance).

4. Background. The Fiscal Year (FY) 1979 Department of Defense (DOD) Appropriation Act and the FY 1987 Military Construction Appropriation Act contained language establishing the Foreign Currency Fluctuation, Defense (FCF,D) and the Foreign Currency Fluctuation, Construction, Defense (FCF, C,D) appropriations, respectively. The purpose of the legislation is to maintain the budgeted level of execution by offsetting the effects of losses and gains caused by fluctuations in foreign currency exchange rates from those used in the budget submission. Funds in these appropriations will be held at the Office of the Secretary of Defense (OSD) level and will be available for transfer to the Department of the Navy, Comptroller of the Navy (NAVCOMPT) on the basis of demonstrated need within funding availability. Conversely, gains realized in the operating accounts from favorable foreign exchange rate fluctuations that are excess to requirements are subject to transfer to OSD. NAVCOMPT has overall responsibility for administering the Department of the Navy procedures for these accounts. For the Operation and Maintenance appropriation, implementing guidance was provided by reference (a) and subsequently amended by reference (b). The Chief of Naval Operations (OP-823) and Headquarters, U.S. Marine Corps beginning with FY 1982 assumed financial administration responsibilities for gains and losses due to foreign currency fluctuation per reference (b) guidance, by issuing themselves responsibility center operating budgets and establishing an Authorization Accounting Activity (AAA) for fiduciary reporting. By reference (c) NAVCOMPT implemented and delegated administering office financial administration responsibilities to the Commander, Naval Facilities Engineering Command and Headquarters, U.S. Marine Corps for executing the Military Construction FCF,C,D procedures. Reference (d) retroactively changed the implementation dates. All variance amounts (difference between the budget and current rates) are charged or credited to centrally managed accounts and are reported to the AAA through the Financial Reporting System.

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5. Discussion. A foreign currency obligation is defined as an obligation which is either payable in the currency of one of the countries listed below or payable in U.S. dollars when the amount of the disbursement is determined by the rate of exchange of the currencies of one of the following countries: Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Netherlands, Norway, Portugal, South Korea, Spain, Turkey, the United Kingdom, and various locations - Infrastructure Accounting Unit at various locations, when applicable. The "realized variance," based on the difference between liquidated obligations at the budget rate and liquidated obligations at current rate, i.e., the amount charged to the centrally managed account, will be recorded at the end of each month in the account which is maintained at the Headquarters level. The exchange rate on the last day of the month will be provided by Office of the Assistant Secretary of Defense (Comptroller) (Management Systems) (OASD(C)(MS)). Appropriate favorable variances must be identified and accumulated as well as unfavorable variances. All foreign currency transactions will be obligated, disbursed, and reported following these procedures, and based on budgeted rates issued by NAVCOMPT. Disbursing officers will make expenditures based on the current rate of exchange and compute variances based on the NAVCOMPT issued budget rate. Registering activities will process the expenditures and variance amounts in the Financial Reporting System.

6. Revisions to Prior Procedures

a. The following recent revisions to prior Operation and Maintenance procedures have been made:

(1) Foreign Currency Fluctuation Report procedures were revised from reporting "accrued variances" to reporting "realized variances". Realized variances are the difference between liquidated obligations at the budget rate and liquidated obligations at the current rate, and

(2) Procedures for identifying carry forward amounts from project orders into a new fiscal year were established. These procedures have been developed to assist certifying offices in relaying payment information to disbursing officers.

b. No changes to the Military Construction and Family Housing procedures have been made.

7. Action. Claimants/administering offices (AOs) are to notify operating budget/allotment holders and disbursing/registering activities affected by the provisions of this instruction to take action as needed.

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8. Reports. DD-COMP(M)1506(7200), Foreign Currency Fluctuations Report and DD-COMP(M)1761(7200), Foreign Currency Fluctuation, Construction, Defense Report, are good for 3 years only from the date of this instruction.



W. E. DAESCHNER  
By direction

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FOREIGN CURRENCY FLUCTUATION, DEFENSE (FCF,D) PROCEDURES FOR THE  
OPERATION AND MAINTENANCE APPROPRIATIONS

**Part I. OPERATION AND MAINTENANCE APPROPRIATIONS AFFECTED BY  
FCF,D**

1. Background. Beginning with FY 1982, the Chief of Naval Operations (CNO) (OP-823) and Headquarters, U.S. Marine Corps (HQMC) assumed financial administration responsibilities for gains and losses due to foreign currency fluctuations by issuing themselves responsibility center operating budgets and establishing an AAA for fiduciary reporting. All variance amounts (difference between the budget and current rates) are charged or credited to the Centrally Managed Operating Budgets (CMOB) and are reported to the AAAs through the Financial Reporting System (FRS). AAAs for responsibility center operating budget holders involved in transactions of the affected currencies prepare and forward a Foreign Currency Fluctuation Report to the respective major claimant (or designated consolidation activity) for further consolidation and reporting to the Navy Regional Finance Center (NAVREGFINCEN), Washington, D.C. The HQMC will forward such Foreign Currency Fluctuation Reports directly to NAVCOMPT (NCB-3).

2. Appropriations Applicable. These FCF,D procedures are applicable only to the following appropriations:

- 17 \* 1106 Operation and Maintenance, Marine Corps 1/
- 17 \* 1804 Operation and Maintenance, Navy

\* Designates last position of fiscal year.

1/ Marine Corps Headquarters will provide additional guidance on limiting FCF,D procedures to specific currencies.

3. CMOB Accounting Classification Data

Marine Corps CMOB

(1)	(2)	(3)	<u>1</u> /	(4)	(5)	(6)	(7)	(8)	<u>2</u> /	(9)
17*1106	.2720	000		00027	8	000027	2D	CC0000	500XYND11111	

Navy CMOB

(1)	(2)	(3)	<u>1</u> /	(4)	(5)	(6)	(7)	(8)	<u>2</u> /
17*1804	.6820	000		00068	0	000179	2D	CC0000	

\* Designates the last position of the FY. The current year CMOB is charged/credited on the date of payment/collection with

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the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ Object classification data reported as prescribed in NAVCOMPT Manuals 027003 and 027004 or perpetuate from basic OB accounting line.

2/ Substitute appropriate country code for "CC"

## Part II. ACCOUNTING AND PROCESSING OF TRANSACTIONS

1. General. All transactions will be obligated, disbursed, and reported per the following procedures. Obligations will be established and computed on budget rates promulgated by NAVCOMPT, expenditures will be made by disbursing officers based on the current rate of exchange, and variance amounts will be computed by disbursing officers and processed by registering activities.

2. Foreign Currency Obligations. A foreign currency obligation is defined as an obligation which is either payable in the currency of one of the countries listed below or payable in U.S. dollars when the amount of the disbursement is determined by the rate of exchange of the currencies of one of the following countries: Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Netherlands, Norway, Portugal, South Korea, Spain, Turkey, the United Kingdom, and NATO Infrastructure Accounting Units at various locations, when applicable. The "realized variance," based on the difference between liquidated obligations at the budget rate and liquidated obligations at current rate, i.e., the exchange rate on the last day of the month, will be recorded at the end of each month in the FCF,D CMOB which is maintained at the Headquarters level. The exchange rate on the last day of the month will be provided by OASD(C)(MS). Appropriate favorable variances must be identified and accumulated, as well as unfavorable variances.

3. CNO (OP-823) and HQMC. CNO and HQMC have assumed financial administration responsibilities for the respective FCF,D accounts and will issue responsibility center operating budgets/allotments to cover FY 1987 and subsequent year variance amounts. Base level reporting will follow current NAVSO P-3006 and allotment accounting procedures. Fiduciary reporting will follow current responsible office accounting procedures.

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4. Operating Budget (OB) Holder Responsibilities

a. Obligate at the budget rate those transactions and amendments either payable in the currency of one of the countries listed in paragraph 2, or payable in U.S. dollars when the amount of the disbursement is determined by the rate of exchange of one of those currencies.

b. Foreign currency obligation documents will cite only the basic operating budget at the budget rate, except for certain reimbursable orders as described in paragraph 7.

5. AAAs for Operating Budget (OB) Holders. AAAs for OB holders involved in transactions in one of the affected currencies will prepare and submit the Foreign Currency Fluctuation Report to the respective claimant as currently prescribed in Part III of this enclosure for further consolidation and reporting to NAVREGFINCEN, Washington, D.C.

6. Disbursing Officers

a. Disbursing officers will calculate and charge or credit the variance between the budget rate and current rate to the full line of accounting classification data applicable to the CMOB for the appropriation concerned, i.e., Navy, Army, Air Forces, etc., in lieu of merely citing a country code line. The country code will continue to be cited as required by NAVCOMPT Manual, para. 027002-2 for balance of payment purposes. In the case of O&M,N transactions, disbursing officers will use the appropriation abbreviation, fiscal year abbreviation and foreign currency abbreviation, to represent the accounting classification data for the CNO CMOB on public voucher forms (Example: O&M,N 86 FC, O&M,N 87 FC or O&M,N 88 FC). Register preparing activities will convert these abbreviations to the full accounting classification data for the CNO CMOB. The full accounting classification data for the CNO CMOB will be cited to the degree necessary on Reports of Fund Authorization Charges (NAVCOMPT Form 2074), Labor Roll/Material Charges and Credits (NAVCOMPT Form 2051) and the monthly message report required by NAVCOMPT Manual, para. 047372. Part I of this enclosure provides a list of the accounting classification data for Navy/Marine Corps CMOBs and Part IV provides a list of Army, Air Force and Defense agency CMOBs. When multiple accounting lines involving multiple fiscal years are cited on the substantiating documentation, disbursing officers will compute the charges to the basic accounting lines using the budget rates for the fiscal years cited. The separate variance amounts resulting from the computations will be summarized and reported as a single variance amount for each fiscal year against the accounting



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classification data for the current fiscal year of the CMOB concerned. The variance amount for each fiscal year can be calculated by subtracting the applicable budget rate from the current rate and multiplying the results by the numbers of foreign currency units chargeable to the fiscal year.

b. Disbursing officers paying invoices applicable to obligation/procurement documents citing Transaction Type Code (TTC) "2S" in the basic accounting line, i.e., in support of reimbursable orders funded by other than O&M,N will calculate the variance amount in the regular manner and report the variance amount as a separate charge or credit to the same accounting classification data as the basic accounting line except the TTC will be changed to "2X".

c. Disbursing officers paying invoices applicable to reimbursable orders stemming from a project order carried over into subsequent year(s) at a performing activity will calculate the variance amount using the budget rate for the fiscal year contained in the original project order. The officer certifying the invoice for payment must insert the phrase "Prior/Year Carry Forward, Pay at Budget Rate for Fiscal Year \*\_\_\_\_\_". (\* Insert the obligation fiscal year of the original project order). If, for example, a project order was issued in FY 1987 citing O&M,N funds which are included in FCF,D procedures, billing during FY 1987 would be calculated at the budget rate for FY 1987. When the project order is carried forward into a subsequent fiscal year, the FY 1987 budget rate will continue to be used even though the subsequent year's budget rate is different provided the following phrase has been inserted on the payment document, "Prior/Year Carry Forward, Pay at Budget Rate for FY 1987." These special payment instructions can only be provided by certifying officers and only for execution of accepted bonafide project orders.

## 7. Reimbursable Transactions

a. Activities performing reimbursable work will continue to accept reimbursable orders, incur obligations and bill for reimbursement as heretofore except that if the performer and customer are both funded by O&M the performer will incur obligations, accumulate costs and bill at the budget rate of exchange. TTC "2S" will not be used in those instances. The variance amounts will be charged or credited to the CMOB at the time payment is made. The O&M customers will continue to obligate the request for work and services at the budget rate.

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b. There is no change in the reimbursable procedures when the customer is funded by an appropriation other than O&M. Work performed by O&M funded activities for non-O&M funded customers will follow the TTC "2S" procedures as currently prescribed. Activities performing reimbursable work for non-O&M funded customers should cite TTC "2S" when issuing reimbursable orders to a third party O&M funded activity in furtherance of accomplishment of the primary reimbursable order.

### Part III. FOREIGN CURRENCY FLUCTUATION REPORT

1. General. AAAs for responsibility center OB holders involved in transactions in one of the affected currencies will continue to prepare and submit the Foreign Currency Fluctuation Report to the respective claimant or HQMC in the sample format provided in paragraph 2.

a. Navy claimants will consolidate and submit monthly by message a "Foreign Currency Fluctuation Report" to the NAVREGFIN-CEN, Washington, D.C. no later than the 18th calendar day of the month following the report month, for further submission to NAVCOMPT (NCB-32). The Foreign Currency Fluctuation Report will identify the applicable fiscal year, appropriation and unit identification code of the claimant and will show the following data identified to the applicable country code:

(1) Cumulative Foreign Currency Obligations (Budget Rate).

(2) Cumulative Foreign Currency Obligations Liquidated (Budget Rate).

b. The report control symbol for the Foreign Currency Fluctuation Report submitted by the claimant/Administering Office (AO) accounting activity will be DD-COMP(M)1506(7200). Items a and b will be a consolidation of the same data reported from OB/allot holder report.

2. Sample Foreign Currency Fluctuation Report. Attached are sample FCF,D reports to be forwarded on a monthly basis to the AO and Responsible Office (RO).

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Sample Foreign Currency Fluctuation  
Report from Responsibility Center or Claimants/AO  
Next Higher Reporting Activity

From: Responsibility Center/Claimant/AO  
To: Claimant/NAVREGFINCEN, Washington, D.C.

Info: CNO Washington, DC (Note: only on claimant report)

UNCLAS //N07300//

Subj: FOREIGN CURRENCY FLUCTUATION REPORT (DD-COMP(M)1506) FOR  
APR 88

Ref: (a) NAVCOMPTINST 7300.10 of 13 Mar 1988

1. Following data submitted IAW reference (a):

Country Code	Cumulative Oblig. (Budget Rate)	Cumulative Oblig. Liqui- dated (Budget Rate)
a. Appn 1761804.6330		
GR	XXX.XX	XXX.XX
IT	XXX.XX	XXX.XX
SP	XXX.XX	XXX.XX
b. Appn 1771804.6330		
GR	XXX.XX	XXX.XX
IT	XXX.XX	XXX.XX
SP	XXX.XX	XXX.XX
c. Appn 1781804.6330		
GR	XXX.XX	XXX.XX
IT	XXX.XX	XXX.XX
SP	XXX.XX	XXX.XX

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Part IV. ARMY, AIR FORCE, AND DEFENSE AGENCIES CENTRALLY MANAGED OPERATING BUDGETS/ALLOTMENTS

Operating and Maintenance Appropriations

ARMY CMOB

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>CC</u>	<u>APPROPRIATION</u>	ARMY <u>OPERATING AGENCY/ ALLOTMENT</u>	<u>PROJECT ACCOUNT</u>	<u>ELEMENT OF EXPENSE 1/</u>	<u>FISCAL STATION</u>
21*2020	BE	21*2020	32-0971	P208022	2579	S99999
21*2020	CA	21*2020	32-0969	P208022	2579	S99999
21*2020	DA	21*2020	32-0972	P208022	2579	S99999
21*2020	FR	21*2020	32-0973	P208022	2579	S99999
21*2020	GE	21*2020	32-0961	P208022	2579	S99999
21*2020	GR	21*2020	32-0963	P208U22	2579	S99999
21*2020	IT	21*2020	32-0967	P208022	2579	S99999
21*2020	JA	21*2020	32-0960	P208022	2579	S99999
21*2020	NL	21*2020	32-0965	P208022	2579	S99999
21*2020	PO	21*2020	32-0966	P208022	2579	S99999
21*2020	SP	21*2020	32-0964	P208022	2579	S99999
21*2020	TU	21*2020	32-0968	P208022	2579	S99999
21*2020	UK	21*2020	32-0962	P208022	2579	S99999
21*2020	NO	21*2020	32-09--	P208022	2579	S99999

\* Designates the last position of the FY. The current year CMOB is charged/credited on the date of payment/collection with the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ Element of Expense, known as expenditure category code within Navy, perpetuate from the basic accounting line. Appears as a four position element for Army.

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AIR FORCE CMOB

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>CC</u>	<u>APPROPRIATION</u>	<u>AIR FORCE FC/FC OPERATING AGENCY</u>	<u>CC 1/</u>	<u>ACCOUNTING STATION</u>
57*3400	All	57*3400	30*34	"XX"	s380003

\* Designates last position of FY. The current year CMOB is charge/credited on the date of payment/collection with the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ "XX" is substituted for remaining portion of subhead in instances that multiple subheads apply to same CMOB.

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Defense Logistics Agency (DLA) CMOB

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>CC</u>	<u>APPROPRIATION</u>	<u>SUBHEAD</u>
97*0100.5101/.5141	BE	97*0100	.5178
97*0100.5101/.5141	CA	97*0100	.5188
97*0100.5101/.5141	DA	97*0100	.5177
97*0100.5101/.5141	FR	97*0100	.5176
97*0100.5101/.5141	GE	97*0100	.5180
97*0100.5101/.5141	GR	97*0100	.5182
97*0100.5101/.5141	IT	97*0100	.5186
97*0100.5101/.5141	JA	97*0100	.5179
97*0100.5101/.5141	NL	97*0100	.5184
97*0100.5101/.5141	PO	97*0100	.5185
97*0100.5101/.5141	SP	97*0100	.5183
97*0100.5101/.5141	TU	97*0100	.5187
97*0100.5101/.5141	UK	97*0100	.5181
97*0100.5101/.5141	NO	97*0100	.51--

\* Designates the last position of the FY. The current year CMOB is charged/credited on the date of payment/collection with the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

All other elements of the accounting classification data will be perpetuated from the basic line of accounting, as required.

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DOD Dependants Schools CMOB

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>CC</u>	<u>APPROPRIATION</u>	<u>SUBHEAD</u>	<u>FISCAL STATION</u>
97*0100.60XX <sub>1</sub> /	BE	97*0100	.6061	666666
97*0100.60XX	CA	97*0100	.6062	666666
97*0100.60XX	DA	97*0100	.6073	666666
97*0100.60XX	FR	97*0100	.6074	666666
97*0100.60XX	GE	97*0100	.6063	666666
97*0100.60XX	GR	97*0100	.6064	666666
97*0100.60XX	IT	97*0100	.6065	666666
97*0100.60XX	JA	97*0100	.6066	666666
97*0100.60XX	NL	97*0100	.6067	666666
97*0100.60XX	PO	97*0100	.6069	666666
97*0100.60XX	SP	97*0100	.6070	666666
97*0100.60XX	TU	97*0100	.6071	666666
97*0100.60XX	UK	97*0100	.6072	666666
97*0100.60XX	NO	97*0100	.6075	666666
97*0100.60XX	SK	97*0100	.6076	666666

\* Designates the last position of the FY. The current year CMOB is charged/credited on the date of payment/collection with the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ - "XX" is substituted for remaining portion of subhead in instances that multiple subheads apply to same CMOB.

All other elements of the accounting classification data will be perpetuated from basic line of accounting, as required.

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National Security Agency (NSA) CMOB

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>APPROPRIATION OF CMOB 1/</u>
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97*0100.4500	97*0100.45CC
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\* Designates the last position of the FY. The current year CMOB is charged/credited on the date of payment/collection with the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ Substitute appropriate country code for CC in the subhead.

All other elements of the accounting classification data will be perpetuated from the basic line of accounting, as required.

Technical Research Institute (TRI) CMOB

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>APPROPRIATION 1/ OF CMOB</u>
---	-------------------------------------

97*0100.4700	97*0100.47CC
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\* Designates the last position of the FY. The current year CMOB is charged/credited on the date of payment/collection with the variance amount. The current year CMOB may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ Substitute appropriate country code for CC in the subhead.

All other elements of the accounting classification data will be perpetuated from the basic line of accounting, as required.

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FOREIGN CURRENCY FLUCTUATION, CONSTRUCTION, DEFENSE  
(FCF,C,D) PROCEDURES FOR THE MILITARY CONSTRUCTION AND FAMILY  
HOUSING APPROPRIATIONS

Part I. MILITARY CONSTRUCTION AND FAMILY HOUSING APPROPRIATIONS  
AFFECTED BY FCF,C,D

1. Background. The FY 1987 Military Construction Appropriation Act, dated 18 October 1986, reestablishes the Foreign Currency Fluctuation, Construction, Defense (FCF,C,D) account (97X0803) applicable to the Military Construction and Family Housing Appropriations. The purpose of the legislation is to maintain the budgeted level of execution by offsetting the effects of losses and gains caused by fluctuations in foreign currency exchange rates from those used in the budget submission. Funds in this appropriation will be held at the Office of the Secretary of Defense (OSD) level and will be available for transfer to the military departments. Transfers from this account for the Department of the Navy will be requested by NAVCOMPT on the basis of demonstrated need within funding availability. Conversely, gains realized in the operating accounts from favorable foreign exchange rate fluctuations that are excess to requirements are subject to transfer to the FCF,C,D account. NAVCOMPT has overall responsibility for administering the Department of the Navy procedures for the FCF,C,D account. NAVCOMPT has delegated administering office financial administration responsibilities to the Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM) and Headquarters, U.S. Marine Corps (HQMC) in executing the new FCF,C,D program. Centrally Managed Allotments (CMAs) will be established for Military Construction; Navy Family Housing Construction; and Family Housing Operation and Maintenance. The CMAs will be charged with FCF,C,D losses and credited with FCF,C,D gains.

2. Appropriations Applicable. These FCF,C,D procedures are applicable to the following appropriations:

- 17\*1205 Military Construction, Navy (MCON)
- 17\*7030 Family Housing Navy and Marine Corps (Construction)
- 17\*7035 Family Housing Navy and Marine Corps (Operation and Maintenance)

\* Designates last position of fiscal year.

3. Implementation Dates. The following implementation dates were effective:

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Appropriation

Implementation Date

Military Construction (MCON) (FY1987)	1 Oct 1986
Family Housing Navy and Marine (FY1987)	1 Oct 1986
Corps (Construction)	
Family Housing Navy and Marine (FY1987)	1 Oct 1986
Corps (Operation and Main- tenance)	

4. Naval Facilities Engineering Command CMA Accounting  
Classification Data

Military Construction CMA

(1)	(2)	(3)	<u>1/</u>	(4)	(5)	(6)	(7)	(8)	<u>2/</u>	(9)
17*1205	.25*0	000		00025	0	00025	2D	CC*000		

Family Housing, Navy, Military Construction CMA

(1)	(2)	(3)	<u>1/</u>	(4)	(5)	(6)	(7)	(8)	<u>2/</u>	(9)
17*7030	.25*0	000		00025	0	00025	2D	CC*000		

Family Housing Navy, Operation and Maintenance CMA

(1)	(2)	(3)	<u>1/</u>	(4)	(5)	(6)	(7)	(8)	<u>2/</u>	(9)
17*7035	.25*0	000		00025	0	00025	2D	CC*000		

1/ Object classification data reported as prescribed in NAVCOMPT Manual 027003 and 027004 or perpetuate from basic accounting line.

2/ Substitute appropriate country code for "CC" in first two digits and the fiscal year of the original obligation in the third digit.

5. Marine Corps CMA Accounting Classification Data

Family Housing Marine Corps, Operation and Maintenance CMA

(1)	(2)	(3)	<u>1/</u>	(4)	(5)	(6)	(7)	(8)	<u>2/</u>	(9)
17*7035	.2751	025		99696	0	00027	2D	000000	CC*000088740	

\* Designates last position of the FY. The current year CMA is charged/credited on the date of payment/collection with the variance amount. The current year CMA may be the same or a subsequent FY from the FY cited on the original obligating document.

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6. Transfer of Unobligated Balances. The HQMC and NAVFACENGCOM are responsible for determining what, if any, funds are available in their respective accounts for transfer to the FCF,C,D account. Upon determination that such funds are available for transfer, both HQMC and NAVFACENGCOM will so notify NAVCOMPT (NCB-1/NCB-2) in writing. After review by NCB-1/NCB-2 and OSD, NAVCOMPT (NCB-3) will execute the appropriate Nonexpenditure Transfer (SF 1151) in order to request that the Department of the Treasury accomplish the transfer to the FCF,C,D account. Requests to Treasury for transfer of funds from the FCF,C,D is OSD's responsibility. Since it is intended that CMA's will exist only in the current fiscal year, at the end of each fiscal year, HQMC and COMNAVFACENGCOM will advise NAVCOMPT of any unobligated balances available in the CMA to be transferred back to the FCF,C,D account for subsequent transfer to the CMA in the ensuing FY.

#### 7. Appropriation Abbreviations

<u>Appropriation</u>	<u>Abbreviation</u>
Military Construction, Navy	MCON
Family Housing, Navy and Marine Corps (Construction)	FHN (MCON)
Family Housing, Navy (Operation and Maintenance)	FHN (O&M)
Family Housing, Marine Corps (Operation and Maintenance)	FHMC (O&M)

#### Part II. ACCOUNTING AND PROCESSING OF TRANSACTIONS

1. General. All transactions will be obligated, disbursed, and reported per the following procedures. Obligations will be established and computed on budgeted rates promulgated by NAVCOMPT, expenditures will be made by disbursing officers based on the current rate of exchange, and variance amounts will be computed and processed by registering activities. It is emphasized that variance amounts are charged to the current year CMA at time of disbursement while the charge for the budget rate is applied against the original fiscal year of the obligation.

2. Foreign Currency Obligations. A foreign currency obligation is defined as an obligation which is either payable in the currency of one of the countries listed below or payable in U.S. dollars when the amount of the disbursement is determined by the rate of exchange of the currencies of one of the following countries: Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Netherlands, Norway, Philippines, Portugal, South Korea, Spain, Turkey, the United Kingdom, and various locations -

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Infrastructure Accounting Unit at various locations, when applicable. The "realized variance," based on the difference between liquidated obligations at the budget rate and liquidated obligations at current rate, i.e., the amount charged to the current year CMA, will be recorded at the end of each month in the FCF,C,D CMA which is maintained at the Headquarters level. The exchange rate on the last day of the month will be provided by OASD (C)(MS). Appropriate favorable variances must be identified and accumulated as well as unfavorable variances.

3. Commandant of the Marine Corps (CMC) and NAVFACENGCOM. The CMC and NAVFACENGCOM have assumed financial administration responsibilities for the respective FCF,C,D accounts and will issue allotments to cover FY 1987 and subsequent year variance amounts. Base level reporting will follow the allotment accounting procedures. Fiduciary reporting will be per current responsible office accounting procedures.

4. Allotment Holder Responsibilities

a. Obligate at the budget rate those transactions and amendments either payable in the currency of one of the countries listed in paragraph 2 or payable in U.S. dollars when the amount of the disbursement is determined by the rate of exchange of one of these currencies.

b. Adjust unliquidated obligations to reflect implementation dates shown in Part I of this enclosure. Cite appropriation abbreviation, fiscal year abbreviation and foreign currency abbreviation on vouchers certified for payment.

c. Foreign currency obligation documents will cite only the basic allotment (at the budget rate), except for certain reimbursable orders as described in paragraph 7.

5. Foreign Currency Fluctuation Report. Administering Offices (AOs) will prepare and submit the Foreign Currency Fluctuation Report per Part III of this enclosure.

6. Disbursing Officers. Disbursing officers will calculate and charge or credit the variance between the program year budget rate and current rate to the appropriation abbreviation, fiscal year abbreviation and foreign currency abbreviation to represent the accounting classification data for the applicable CMA in Part IV of this enclosure. The country code will continue to be cited as required by NAVCOMPT Manual, par. 027002-2 for balance of

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payment purposes. Register preparing activities will pay and register transactions citing the full accounting classification data for the CMA being charged. The full accounting classification data for the CMA will be cited to the degree necessary on Reports of Fund Authorization Charges (NAVCOMPT Form 2051) and the monthly message report required by paragraph 047372 of the NAVCOMPT Manual. Enclosure (1) provides a list of the accounting classification data for Navy/Marine Corps CMAs. When multiple accounting lines involving multiple fiscal years are cited on the substantiating documentation, disbursing officers will compute the charges to the basic accounting lines using the budget rates for the fiscal years cited. The separate variance amounts resulting from the computations will be registered and reported against the accounting classification data for the current fiscal year CMAs concerned. The variance amount for each fiscal year can be calculated by subtracting the applicable budget rate from the current rate and multiplying the results by the numbers of foreign currency units chargeable to the fiscal year. It is emphasized that variance amounts are charged to the current year CMA at time of disbursement while the charge for the budget rate is applied against the original fiscal year of the obligation.

7. Reimbursable Procedures

a. Transaction Type "2S" Procedures. Disbursing officers paying invoices applicable to obligation/procurement documents citing Transaction Type Code (TTC) "2S" in the basic accounting line, i.e., in support of reimbursable orders funded by other than O&M,N, will calculate the variance amount in the regular manner and report the variance amount as a separate charge or credit to the same accounting classification data as the basic accounting line except the TTC will be changed to "2X".

b. Navy/Marine Corps as customer activities (Funds Grantor). When a Navy/Marine Corps activity issues a reimbursable order (work request or project order) it will be recorded as a commitment until the signed acceptance copy is received. Upon receipt of the acceptance copy the commitment will be reversed and the obligation established for, the full amount to be expended in U.S. dollars not subject to FCF,C,D procedures and/or amount expected to be expended in an applicable foreign currency at the budget rate. The amount expected to be charged to the CMA will not be obligated on the funds administrators' books as it will be accrued and reported by the HQMC or the NAVFACENGCOM. Subsequently, the certified and processed billing from the performing activity will liquidate the obligation(s) on the customer's books as well as provide the

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Financial Reporting System (FRS) and Centralized Expenditure/Reimbursement Processing System (CERPS) notification of CMA transactions.

c. Navy/Marine Corps as a performing activity (Receiver of a Reimbursable Order). The performing activity is responsible for: (a) estimating the amounts to be paid in U.S. dollars, the amounts to be paid in a foreign currency at the budget rate, and the amount of variance to be charged to a CMA; (b) advising the funds grantor of those estimates on the acceptance copy of the reimbursable order; and (c) recording the reimbursable authority in the performing appropriation account for execution. When the performing activity is other than an O&M or O&M,NR activity included in reference (a) procedures, the reimbursable authority established will be equal to the entire amount of the reimbursable order, to include the amounts received which will be obligated or expended in U.S. dollars not subject to FCF,C,D procedures, the amounts to be expended at budget rates, and the estimated amounts to be billed to the applicable CMA (O&M and O&M,NR activities will continue per reference (a) procedures). Earnings (and subsequent collection) will offset the authority picked up on the performing activities' accounting records. When certifying documents for payment the code "2S" will be cited in the type code field of the full accounting citation identifying the transaction as being a reimbursable transaction in execution of an order included under FCF,C,D procedures. The disbursing officer will charge the budget rate to the first line of accounting and the variance amount to the same accounting classification data as the basic accounting line except the type code will be changed to "2X". Register preparing activities will report the charges as cited by the disbursing officer. The performing activity's AAA will accumulate costs by 2S and 2X transactions and bill the customer activity citing two lines of accounting. The first will include all "2S" transactions and will cite the customer appropriation shown on the reimbursable order at the budget rate, the second will include all "2X" transactions and will cite the applicable CMA for the variance amount. When registered, the "2S" portion will liquidate the obligation from the customer's records and the "2X" portion will be reported to NAVFACENGCOM and/or CMC via FRS or CERPS. Where reimbursable orders are carried forward into a subsequent year of a performing activity, the certifying officer is responsible for adding the phrase "Prior/Year Carry Forward, Pay at the Budget Rate for Fiscal Year" to instruct the disbursing officer to use a prior year budget rate. The certifying officer is the only one authorized to provide this payment direction. Performing activity AAAs when billing for accrued work in place will prepare bills citing both

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in sequence. Amounts not yet disbursed by the performing activity but included in the billings, will be calculated using the variance rate published monthly by DOD. Adjustments will be made to bring amounts to actual.

8. Overobligation/Violation. The FCF,C,D CMA falls in the category of intra-office/command classification accounts whereby the holder of the allocation from which an allotment is issued is also the holder of the allotment. The holder of the allocation will be responsible to the extent prescribed by law, directives, and regulation for obligations incurred or expenditures made against the CMA in excess of the amount available. Obligations or expenditures in excess of the allotment will not be construed as a violation of the administrative control of funds regulations provided that at the time the unencumbered balance in the allocation is equal to or greater than the indicated over-obligation or overexpenditure. Allotment holders, prior to effecting any budget rate adjustments to prior transactions, will ensure that these retroactive adjustments do not cause an apparent overobligation. In such cases, notify the administering office for further instructions.

### Part III. FOREIGN CURRENCY FLUCTUATION REPORT

1. General. HQMC and NAVFACENGCOM will determine total foreign currency unliquidated obligations at the budget exchange rate and an "accrued variance" amount at the end of each month and submit a Foreign Currency Fluctuation Report to the Comptroller of the Navy (NCB-3) by the twentieth (20th) workday following the month being reported. The above administering offices must maintain obligation data by fiscal year and country to support amounts reported on the Foreign Currency Fluctuation Report. The report submitted by CMC and NAVFACENGCOM, and consolidated by NCB-3 for submission to WHS, will be in the following format:

Foreign Currency Fluctuation Report, for (Naval Activity & CMA\*)  
as of (date) (YYMMDD)

Foreign Currency	Foreign Currency Unliqui- dated Obligations	Accrued Variances	Foreign Currency Liquidated Obligations	Realized Variances	Projected Six Month Disburse- ments
(Alphabet- ically by country)	(budget rate)	(current rate)	(budget rate)	(current rate)	

\* Show the name of the command submitting the report and the name of the appropriation, e.g., NAVFACENGCOM/Military Construction Navy.

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2. Description of Reportable Information

a. Foreign Currency. Show the abbreviation of each foreign currency applicable under FCF,C,D procedures as a separate line item.

b. Foreign Currency Unliquidated or Liquidated Obligations are those obligations that are/were either payable in specified foreign currency or payable in dollars, the amount of which is determined by the rate of exchange.

c. Accrued Variance is the difference between unliquidated obligations at the budget rate and the current rate.

d. Realized Variance is difference between liquidated obligations at the budget rate and the current rate, and equals the amount disbursed from the applicable CMAs.

e. Projected 6 months disbursements must be computed based on outlay projections using historical data, contract requirements, schedules or other estimating techniques.

f. The report also will include footnotes showing (1) the anticipated losses for the rest of the fiscal year (estimate this by computing the variance that would occur if the present currency exchange rates were to remain unchanged during the remainder of the fiscal year), and (2) the total funding provided to the CMAs from the FCF,C,D appropriation.

g. The content of the report will be determined by CMC and NAVFACENGCOM based on internal records and information required from subordinate activities, as they consider appropriate.

h. This reporting requirement has been assigned Report Control Symbol DD-COMP(M)1761(7200).

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## Part IV. ARMY, AIR FORCE, AND DEFENSE AGENCIES CENTRALLY MANAGED OPERATING ALLOTMENTS

ARMY CMA

"Will be published at a later date"

AIR FORCE CMA

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>CC</u>	<u>APPROPRIATION</u>	<u>AIR FORCE FC/FC OPERATING AGENCY</u>	<u>BAAN 1/</u>	<u>PROJECT</u>	<u>ACCOUNTING STATION</u>	
57*3300	ALL	57*3300	25*34	"XXO"	378	380003	GAINS
57*3300	ALL	57*3300	25*34	"XXO"	379	380003	LOSSES
57*7040	ALL	57*7040	89*34	"XXO"	716	380003	GAINS
57*7040	ALL	57*7040	89*34	"XXO"	717	380003	LOSSES
57*7045	ALL	57*7045	83*34	"XXO"	788	380003	GAINS
57*7045	ALL	57*7045	83*34	"XXO"	789	380003	LOSSES

\* Designates the last position of the FY. The current year CMA is charged/credited on the date of payment/collection with the variance amount. The current year CMA may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ - For CC, substitute applicable country code for "XX"

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DOD Dependants Schools CMA

<u>APPROPRIATION OF BASIC ALLOTMENT</u>	<u>CC</u>	<u>APPROPRIATION</u>	<u>SUBHEAD</u>	<u>FISCAL STATION</u>
97*0500.60XX1/	BE	97*0500	.6061	666666
97*0500.60XX	CA	97*0500	.6062	666666
97*0500.60XX	DA	97*0500	.6073	666666
97*0500.60XX	FR	97*0500	.6074	666666
97*0500.60XX	GE	97*0500	.6063	666666
97*0500.60XX	GR	97*0500	.6064	666666
97*0500.60XX	IT	97*0500	.6065	666666
97*0500.60XX	JA	97*0500	.6066	666666
97*0500.60XX	NL	97*0500	.6067	666666
97*0500.60XX	PO	97*0500	.6069	666666
97*0500.60XX	SP	97*0500	.6070	666666
97*0500.60XX	TU	97*0500	.6071	666666
97*0500.60XX	UK	97*0500	.6072	666666
97*0500.60XX	NO	97*0500	.6075	666666
97*0500.60XX	SK	97*0500	.6076	666666

\* Designates the last position of the FY. The current year CMA is charged/credited on the date of payment/collection with the variance amount. The current year CMA may be the same or a subsequent FY from the FY cited on the original obligating document.

1/ - "XX" is substituted for remaining portion of subhead in instances that multiple subheads apply to same CMA.

All other elements of the accounting classification data will be perpetuated from basic line of accounting, as required.

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